



*State of Indiana
Office of the Attorney General
News Release*

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Attorney General Steve Carter Announces Consumer Refunds from Blockbuster over “No Late Fee” Advertising Program

Indianapolis – Indiana Attorney General Steve Carter has announced that Blockbuster, Inc. has entered into an agreement with Indiana, 47 other states, and the District of Columbia to settle allegations that the advertising of the company’s “No Late Fee” program was misleading.

“Catchy advertising slogans or phrases can be misleading and give people the wrong idea if companies do not fully describe the terms attached to the offer,” Attorney General Steve Carter said. “This case can serve as a reminder to advertisers about the importance of accuracy when promoting new programs.”

Blockbuster began advertising the “End of Late Fees” and “No Late Fees” last December, with the program starting on January 1, 2005. The program is available at all company owned stores and franchise stores that chose to participate. In Indiana, there are 75 company-owned Blockbuster stores and 47 franchised stores.

Some states alleged that the advertising campaign was misleading because it failed to clearly disclose to consumers that if a rented item was kept more than 7 days after its return due date, the consumer would be charged the selling price of the item. After 7 days, if the consumer wanted to return the item, the consumer would be charged a “re-stocking” fee of \$1.25 or higher at some franchise stores.

The states also alleged that advertising failed to disclose that the program was offered only at participating stores, which resulted in some customers of non-participating franchise stores believing they would not have to pay late fees.

Blockbuster has agreed to a full refund or credit to people who were charged the purchase price of the rental item or were charged a “restocking fee”. The refund is a one-time per customer refund or credit and only applies to rental transactions made after January 1. The deadline to request a refund or credit is **April 28, 2005**. People are given 7 days to seek a refund or credit from the date they discover a late fee or restocking fee charge after the initial claim period ends.

Refund forms can be obtained at participating Blockbuster stores. Customers who rented from a store that was not participating in the “No Late Fee” program may be eligible to receive rental coupons, if the store did not place signage within the store indicating it was not participating in the “No Late Fee” program.

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Blockbuster is seeking the cooperation of its stores to handle refunds and credit coupons on the spot. However, if customers are unable to obtain refund or credit coupon forms at their local Blockbuster store, they may write the company and request a form at:

Blockbuster
Attention: Steve Krumholz
1201 Elm Street, Suite 2100,
Dallas, TX 75270,

People who have difficulty obtaining a form may download the form from the Attorney General website at <http://attorneygeneral.in.gov> or call 1-800-382-5516.

In addition to providing restitution, Blockbuster has agreed to do the following for the next 6 months:

- Post a notice in each store in multiple locations in areas reasonably calculated to inform customers of the terms and conditions of the “No Late Fee” program;
- Clearly and conspicuously include the terms and condition of the “No Late Fee” program and policy statements that appear at the end of some of the aisles in every store;
- Provide brochures containing the terms and conditions of the offer in every store, which are prominently available for customers to read at the store and/or take home;
- Remove from the stores the current external window signage and the current internal signage advertising the “No Late Fee” program and request and recommend that participating franchise stores do the same;
- Require any franchise that is not participating in the “No Late Fees” program to remove any contrary advertising;
- Place information on Blockbuster.com explaining the terms and conditions of the “No Late Fee” program.

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